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EXECUTIVE SUMMARY

The General Assembly 2003 Session, a “Short”¹ Session, is not typically a budget-focused session. However, the critical financial conditions of the State will cause this session to be centered on the State budget regardless of other legislative priorities. Opportunities to handle new financial initiatives or major policy issues will be significantly constrained.

It appears the Commonwealth of Virginia will not collect sufficient general fund revenues to cover \$1.5 billion of the \$25 billion biennial budget adopted earlier this year. The Governor and State Legislators have acknowledged the use of one-time funding sources was exhausted in adopting the 2002-2004 biennium budget. This budget is again unbalanced. Difficult days and hard decisions lie ahead.

It is of paramount concern to Norfolk that the State budget shortfall not be solved on the backs of local governments. As the State attempts to balance its budget, the City must aggressively object to:

- **The transfer of responsibilities, without adequate funding**
- **Unfunded mandates**
- **Shifting of traditional State costs to the City**
- **Deferral of State reimbursements for required local programs**

It is also important that critical programs such as public education (K-12), juvenile prevention and treatment services and human services be protected.

There were initiatives introduced last legislative session but not acted on that will need careful monitoring in order to mitigate negative impacts on Norfolk. Among these initiatives were:

- The Governor’s Environmental Initiative which proposed a statewide \$5 per ton increase in Landfill Tipping Fees
- A proposed requirement for compensation to Public Safety personnel on any grievance that extends beyond 90 days, regardless of the outcome of the matter.

We anticipate continued work with the Virginia First Cities Association and the Virginia Municipal League (VML) on matters of mutual importance.

The proposed Legislative Agenda, which includes five areas, is highlighted below. Details are provided in the subsequent sections of this document.

I. MAJOR LEGISLATIVE PRIORITIES FOR UPCOMING SESSION

- Seek to avoid State cost shifting and additional unfunded mandates.
- Promote equity in balancing the State budget and accommodating any revenue shortfalls.
- Request the State restore required reductions when revenues return to historical growth rates.
- Obtain extension of the Hampton Roads Sports Facilities Authority Act through January 2005.

¹ Short Session is 46 days (January 8, 2003 through February 22, 2003).

- Obtain extension of expiration date of the State designated Enterprise Zones in Norfolk and Portsmouth to coincide with dates of the Joint Federal Empowerment Community Zone.
- Permit local governments to prohibit guns in public buildings under certain conditions.

II. OTHER REQUESTED LEGISLATION

- Gain authorization for studies pertaining to prostitution as the first step to introduction of more stringent legislation.
- Seek authority for Norfolk to implement a Photo-Red Traffic Enforcement Program.
- Support the administrative change by Commonwealth Transportation Board for reimbursement of street maintenance costs.

III. CARRYOVER ITEMS FROM PRIOR LEGISLATIVE SESSION

- Environmental Initiative – \$5 per ton, which will require monitoring the Solid Waste Disposal Fee Proposal.
- Requirement to compensate Public Safety Employees when any decision on grievance exceeds 90 days and provide legal counsel to employees before charges against them can be investigated.

IV. ONGOING LEGISLATIVE ISSUES OF CONCERN

- Preserve local autonomy.
- Preserve local taxing authority.
- Obtain equity of taxation of various private utilities (telecommunication companies, etc.).
- Support funding for public beach protection and development.
- Support crime reduction and victims' rights initiatives.

V. COALITION ISSUES AND OTHER ENDORSEMENTS

- Support the compromise pertaining to the Real Estate Board of Equalization Appeals Process.
- Virginia First Cities – Request the State establish an Urban Policy.
- Support VML positions pertaining to Virginia Community Crime Control Act, Telecommunications Tax Reform, protection of the local Cigarette Tax, and Manufactured Housing Zoning matters.
- Support increase in Ports' Host reimbursement, while recognizing it cannot be timely to obtain in this session.
- National Maritime Center Board – Endorse request for funding for a cruise pier.

- National Maritime Center Board – Endorse request for funding for a Port of Hampton Roads: Gateway to the World Economic Development Project for Tourism.
- Norfolk Law Library – Endorse separation of the per court case fee that may be made available to the Law Library from the total \$4 per court case provisions.

I. MAJOR LEGISLATIVE PRIORITIES FOR THE 2003 SESSION

A. COST SHIFTING AND UNFUNDED MANDATES

Issue:

Unfunded mandates are not new. However, the potential for new mandates or the shifting of costs from the State to local governments increases as State revenues lag and the demand for programs or service continues. Local governments are already experiencing a shift in costs in some programs that started as partnerships with the State. We are now losing the State's investment. Examples of unfunded mandates include funding of Public Education requirements; teacher retiree healthcare credits, federally mandated health insurance; dam safety regulations, and failure of the State to reimburse localities for cost of Constitutional Officers. An example of cost shifting of services is the State's modification of the Virginia Juvenile Community Crime Control Act (VJCCCA) program to a grant program with changes in eligibility and allocations.

Analysis:

The classic example of an unfunded mandate is the State's under funding of Public Education (K-12). This results in a local contribution far above the minimum local funding requirements. The Public Education (K-12) program cannot sustain substantial reductions in State funding without an adverse impact on the educational attainment of the students. Norfolk and many other localities do not have the financial resources to fill the gap should the State not maintain current funding levels.

The Commonwealth of Virginia mandates that every locality have five Constitutional Officers: the City Treasurer, the Commissioner of the Revenue, the Commonwealth Attorney, the Sheriff and the Clerk of Court. The General Assembly is not consistent in its funding policies for Constitutional Officers from biennium to biennium. The State does not totally reimburse the cost for the operations based on its own standards. This leaves the burden to local governments to address.

Other statewide examples include the teacher retiree health credit, shifted from a state-funded program to a state-local funded program at a statewide cost to local governments of \$18 million a year (2002). Additional costs for complying with the federally-mandated Health Insurance Portability and Accountability Act (HIPAA) are attributed in part to the City of Norfolk's performance as an instrument of the State in the operations of social services, health services, para-medical rescue services, local and regional jail services, and support the Community Services Board.

Norfolk Utilities system has two immediate examples of unfunded mandates: the cost of complying with new mandates for existing dams located at the Western Branch Water Reservoir (\$14.5 million estimate) and Burnt Mills Reservoir (\$7 million estimate). The second Utilities' example is that Norfolk is currently under a consent order with the Department of Environmental quality to ensure that sanitary sewer overflows are corrected but no funds are provided to support the required improvements.

An example of cost shifting would be the Comprehensive Services Act (CSA). The CSA was established to provide localities greater flexibility in providing services to mentally ill/emotionally-disturbed children and their families. This program is the primary funding source for the operation of the Norfolk Interagency Consortium board (comprised of the Juvenile Court, the Public Schools, Community Services Board and Division of Social Services). The State set its share of allocations and funded the programs "sum sufficient," which means the State will cover its share of the costs of services to eligible children. In the last few years, the administering agency has issued low annual allocations but indicated it would accept requests for supplemental allocations, which disrupts the availability of services to eligible children. This program should be exempt from budget reductions if possible. Another example of cost shifting is to change the VJCCCA program to a grant program and the uncertain imposition of new funding criteria.

City Position:

The City of Norfolk joins local government members in VML to oppose the imposition of new federal or state requirements for service provision or administration functions without adequate federal or state funding. Local Governments oppose the shifting of costs to them through continued under funding or program cost shifting. Municipalities like Norfolk oppose the shifting of the States' costs for Constitutional Officers to local budgets or under funding the budgets of these State mandated operations. The City urges that reductions in State funding to public schools (K-12) and the Comprehensive Services Act be minimized to the extent possible.

B. EQUALITY IN BALANCING THE BIENNIUM BUDGET

The Commonwealth of Virginia will not collect sufficient general fund revenues to meet revenue projections for the biennial budget adopted last spring. In adopting that budget, State actions included reducing funding to programs and services and sweeping parts of funding streams away from local governments and into the State's general fund.

The Commonwealth of Virginia wields a powerful impact on local governments when it exercises this type of fiscal discretion. The City of Norfolk and potential other localities must aggressively monitor a range of State actions such as State Aid Formula changes and stipulations to appropriations and allocations. There is an unrealistic expectation on the part of Virginia residents that the local government should be able to backfill some of the funding reductions by the State.

Reductions to formula driven state assistance such as Urban Law Enforcement fund were not fair and equitable during the decade of the nineties. In hindsight, a large part of the inequity was that funds were not restored when the State revenue growth recovered.

City Position:

Recognizing that further budget reductions are inevitable, the City of Norfolk urges that reductions to State Aid to localities be fair and equitable. Also, it is urged that the General Assembly indicate its intent to restore reductions in State Aid when revenues increase to historical annual growth rates.

C. HAMPTON ROADS SPORTS FACILITIES ACT – RE-ENACTMENT

Issue:

Last year's General Assembly passed legislation (enacted as Chapters 651 and 689 of the 2002 Acts of Assembly) to extend and amend certain provisions of the Hampton Roads Sports Facilities Authority. However, the Virginia Code Commission did not place this act in the Code.

Background:

The purpose of the act is to bring a professional basketball or hockey team to the City of Norfolk. At the State Capitol, the explanation to extend and amend the act was generally expressed verbally every time the bills were taken up in committee or on the floor of the chambers. A further action in this regard could be characterized as a technical correction so as to codify the General Assembly's intent to extend this Act.

City Request:

Introduction of a bill to re-enact both the provisions of the reenactment of the Hampton Roads Sports Facilities Authority Act by the 1997 General Assembly and the amendments of this Act by the 2002 session.

D. EXTENDED THROUGH 2009 THE STATE ENTERPRISE ZONE INCENTIVES APPLICABLE IN THE JOIN FEDERAL EMPOWERMENT

Issue:

The State designated enterprise zones end December 31, 2003, unless extended.

Background:

In 1984, areas in Norfolk and Portsmouth were designated by the state as a joint empowerment zone for a twenty-year period. There were a number of amendments to code Section 59.1-275 during the 1980's that anticipated the creation of a federal zone in Virginia. Finally in 1995 the U.S. Congress designated Norfolk as a federal Enterprise Community. These amendments, now seen as incomplete, were meant to insure that the State's business incentives applicable within a federal zone designation area would remain in effect until the expiration of the federal initiative.

In both cases the State code language automatically caused the State zone to be enlarged to include the federal boundaries or area. Then there was a new realization that the December 31, 2003 expiration date meant that the business incentives put into place when the federal zone was created will only be in effect from 1999 to December 31, 2003, a period of slightly more than three years. When the anticipatory language was enacted, significant delays in future starting (and ending dates) of a federal zone was unintentionally overlooked. Fixing this timeframe discrepancy would support the partnership to maximize effectiveness of the federal zone; to leverage federal dollars for economic development; and to maintain an effective array of state and federal business incentives.

The state code amendment needed is language that specifies that if the expiration date of the state-designated enterprise zone is scheduled before the federal designated zone, the state designation expiration date shall be extended to conform to the expiration date of the federal designation. In our case these dates are, December 31, 2004 and December 31, 2009.

City Position:

The City urges the General Assembly to clarify the language in the code so that the incentives for the state enterprise zone area in the joint empowerment zone area will not expire before the federal zone designation.

E. PROHIBIT GUNS FROM CERTAIN PUBLIC MEETING PLACES**Issue:**

Local governing bodies need to provide reasonable security to participants and the general public at public meetings. This is a particularly important matter since 9/11 and the recent sniper incidents. Local governments should have the authority to provide reasonable protection from the introduction of guns into highly emotional public meetings. There are also a number of City offices where decisions are made that constitute life changes. These frequently translate to a highly emotional environment and can put innocent people and our political leaders at risk.

Background:

In this day and age, where we have witnessed repeated acts of terrorism, acts of violence against the community while in public buildings, elected officials, and public employees are not without the real realm of possibility. Political leaders at either the state or local level should enjoy the same level of security while serving the public and deciding what may be controversial issues in meetings in public facilities. Local officials in their leadership role are often called upon to address issues, which are at the forefront of highly debated topics. Often their decisions are not popular. Still, they must meet the public and place themselves in positions of vulnerability.

It is important to bring this important issue to the General Assembly before there is an undesirable outcome. It is acknowledged that legislation at the 2002 General Assembly and carry over bills were defeated. However this does not resolve the need for reasonable security.

City Position:

For the purpose of providing reasonable security to the community and public officials, request authority for local governments to prohibit bringing guns to public facilities designated for public meetings, anytime five or more elected or appointed officials or public employees will be present.

F. CHARTER CHANGE**Requirements for Member's Candidacies for City Council**

Amend the Norfolk City Charter to establish conditions for candidacies in which a sitting member seeks election to another position on city council and to allow reasonable time for candidates to file for election to a resulting vacancy.

Clarification of Terms

G. COURT FEES FOR CONSTRUCTION

Issue:

The City is in need of a new/replacement court facility for all three Courts (General District, Circuit and Juvenile and Domestic Relations). The City does not have adequate funds to provide for a new court facility in a timely manner.

Background:

The current court facility is 45 years old. There is security issues, major building system needs, inadequate space for judges' chambers and additional courtrooms based on the volume of cases currently being handled in Norfolk.

City Position:

The City of Norfolk urges the General Assembly to enact an increase to an existing fee or establish a new fee that would help to pay for a portion of a new/replacement facility.

II. OTHER REQUESTS TO INTRODUCE LEGISLATION

A. REQUEST FOR LEGISLATIVE STUDIES PERTAINING TO THREE PROSTITUTION ISSUES

Issue:

The City of Norfolk's Codes Review Committee and the Norfolk Police Department have identified issues that have a bearing on efforts to reduce or eliminate prostitution in Norfolk neighborhoods. In prior years, there has not been a meaningful dialogue with the General Assembly leadership and committees about problems and possible legislative responses. Suggestions are that appropriate entities of the Legislative Branch must be asked to explore possible solutions to the prostitution problem.

Analysis:

Problem One: The Norfolk Code Review Committee asks to put the focus on situations involving prostitution and bawdy places. This would begin with a campaign against prostitution where it occurs with an approach that would mirror the common nuisance law for drug offenses (VA Code sections 18.2-258 and 258.1). These statutes have been effective in neighborhoods for combating illegal drugs. Consideration should be given to add new codes that would apply the common nuisance law for situations involving prostitution and bawdy places. This change would deal with where prostitutes reside and conduct their activities. There needs to be recognition of the nexus between criminal activities and the manner in which real property is maintained or operated.

Problem Two: Reduction of recidivism of prostitutes is an important step to reduce prostitution in neighborhoods. Under the existing statutes, local law enforcement can only charge prostitutes with misdemeanor offenses. Prostitutes pay their modest fines and continue doing the same illegal activities. It appears that the misdemeanor fines they pay are just treated as a cost of doing business and are not a deterrent.

The Norfolk Code Review Committee requests consideration that the Virginia Code be amended to establish that the 3rd conviction for prostitution or prostitution-related offences be treated as a felony versus a misdemeanor. Enhanced penalties for repeat offenses such as Third Offense Petit Larceny and Second and Third Offense Carrying a Concealed Weapon, should be applied similarly to the charge of Prostitution (§18.2-346) and similar offenses (§18.2-347 through §18.2-349).

If implemented, the outcome would be to give prostitutes the choice of substituting legal employment for prostitution versus serving the jail time that is specified for a class 6 felony (that is a sentence of one to five years in jail).

Problem Three: The law is written in such a manner that in certain cases, prostitutes would be guilty of a felony offense, like other citizens, except that the offense becomes a misdemeanor violation if the specified sex act is for money. This makes no sense and appears to be an anomaly in the law. If there is no money involved in the transaction, then it is a felony, but if money is involved it is a misdemeanor.

The Norfolk Police Department has requested consideration that the Virginia Code be amended to eliminate the phrases (that appear twice) in section 18.2-346 "...or any act in violation of Section 18.2-361." Elimination of this language would make it a felony if the specified sex act were for money.

City's Position:

The City of Norfolk would urge the General Assembly to seek a legislative study as a first step to securing the enactment of authority for selected remedies into the Code of Virginia. The study issues would include a) situations involving prostitution and bawdy places, b) recidivism of prostitutes and c) misdemeanor violations because the specified sex act offense is for money.

B. PHOTO-RED TRAFFIC ENFORCEMENT PROGRAMS**Background:**

The Virginia Code authorizes the use of photo-monitoring systems or photo-red enforcement of traffic light signals in a few cities and counties. The system would automatically photograph and lead to the issuance of citation for any vehicle that violates the traffic signal.

Analysis:

The City Council is interested in having local option authority. The Governor vetoed a bill at the 2000 session in spite of successful demonstration projects that have documented improved compliance by drivers at high incident, high accident photo enforced intersections. It was felt that this authority was an intrusion into a citizen's private life. There also were concerns about issuing a summons to the owner of the vehicle versus the probable violator of the law, which could be different individuals in some instances.

City's Position:

The City urges the General Assembly to amend the code to permit the City of Norfolk to enact photo-red traffic enforcement programs as a means of combating red light traffic violations.

C. PROTECT COMMONWEALTH TRANSPORTATION BOARD (CTB) ACTION – STREET MAINTENANCE PAYMENTS**Background:**

On September 19th, the CTB used a standard set forth in the state budget to approve an increase of 3.66% for all cities, towns and urban counties designated to receive the Street Maintenance Payment. This is a total increase of almost \$6 million in street payment statewide. It is comparable to street maintenance payments to other localities, but higher than the 0.8% rate of the Maintenance Cost Index. Other areas of the State that have routinely received the higher reimbursement when VDOT maintained their roadways may take issue with this change.

Analysis:

There was budget language that gave the CTB the basis to allow cities and towns to receive the same increase in street maintenance payments as VDOT. The Virginia First Cities Coalition worked effectively with State officials, the CTB and other local governments. The amounts of Street Maintenance Reimbursements at the two rates are as follows.

City	Total @ 3.66%	Increase New Rate	Due
Norfolk	\$ 15,680,072	\$ 436,999	
All First Cities	101,854,873	2,832,053	
Total All cities, towns, and counties	\$214,245,577	\$5,972,083	

City's Position:

The Virginia First Cities Coalition and the City of Norfolk urge the General Assembly to introduce legislation to permanently fix the inequities in the Maintenance Cost Index.

III. KEY CARRY OVER ITEMS FROM PRIOR LEGISLATIVE SESSIONS

A. SOLID WASTE MANAGEMENT – ENVIRONMENTAL INITIATIVE

Issue:

In 1999, legislation for a solid waste surcharge failed to pass the General Assembly, and in 2001 the Recycling Markets Development Council (RMDC) advocated the issue again. In 2002, the Governor's proposed environmental initiative, funded in part by a surcharge, was not accepted by the General Assembly. The RMDC recently proposed a surcharge in the \$2 - \$3 per ton range, and the Executive branch has been meeting with affected parties to develop support for a surcharge that can be used in part to support open space and other environmental programs when substantial state general fund appropriations are unlikely.

Analysis:

It is understandable that there is an ongoing concern about a state surcharge on local user fees such as the solid waste tipping fee. Since one General Assembly cannot commit or bind the action of a future General Assembly, concern was expressed about how local governments can be assured receipt of their equitable share of funds collected.

There were also unresolved technical issues raised with the proposal over the difficulty in quantifying and accounting for the volume of municipal solid waste attributable to a community as well as any allocation of proceeds.

City Position:

The conservation initiative has merit. The City urges that the Commonwealth's proposal for a tipping fee imposed on a local user fee be avoided unless the negative concerns and impacts are adequately addressed.

B. PERSONNEL MATTERS – LAW ENFORCEMENT

Issue:

Two bills carried over to the 2003 Session have been "left in Committee" and will not be sent to the legislative session; they proposed to change policies pertaining to police officers and firefighters during personnel investigations. HB-505 related to the maximum period of suspension without pay and HB-506 related to counsel during investigations of law-enforcement officers and firefighters.

Background:

The City registered opposition to HB-505 because the concept is that the resolution of all termination action must be accomplished within 90 days or the employee must be compensated, independent of the outcome of the matter. The reality is that attorney representing employees cause delays in establishing the panel hearings, and important near final step, in the termination process. Interesting, the City has no trouble promptly scheduling hearings with some law firms representing our public safety employees.

The opposition to HB-506 was based on the fact that it would impair the city's need, as an employer, to satisfy public accountability in fully investigating suspected misconduct by police officers without having lawyers disrupt this work. The proposal would mean that citizens would suffer from the City's inability to identify and weed out officers who act inappropriately. This cannot possibly be in the public interest.

City Position:

The City Council acknowledges that these bills have been taken off the table and will remain available to provide information on these subjects or any other local personnel matter.

IV. ONGOING POSITIONS ON KEY ISSUES

A. LOCAL AUTONOMY

Goal – The City of Norfolk urges the General Assembly to preserve local prerogatives over matters traditionally and best governed at the local level, such as land use and zoning.

B. TAXING AUTHORITY

Goal – The General Assembly is urged to preserve the taxing authority of local governments. The City of Norfolk must oppose any reduction or narrowing in taxing authority without equitable replacement of such authority.

C. TELECOMMUNICATIONS' FEES

Goal – The City of Norfolk maintains that local governments and their taxpayers are entitled to a fair return for private utility-type business, including telecommunications providers, for use of public property (including public rights-of-way) and for reimbursement for all costs associated with those uses. Providers should also be taxed in a uniform manner, covering all categories of business activities.

D. PUBLIC BEACH PROTECTION/ECONOMIC DEVELOPMENT - BROAD CREEK, PRETTY LAKE AND OCEAN VIEW SHORELINE

Goal - The City urges the General Assembly to continue the Public Beach Fund and make annual appropriations so that grants can be awarded on an annual basis at a meaningful level. These programs support projects that provide a direct return on public investments. Examples include grants for dredging Broad Creek and Pretty Lake as well as protection of the Ocean View shoreline. When the State government funds revitalization projects along Norfolk's waterfront, it protects property that can be damaged by beach erosion, provides enhanced recreational beachfronts, and enhanced property values in the area. State assistance to accelerate progress to finish Norfolk's important beach management plan and dredging programs is important.

E. CRIME REDUCTION AND VICTIMS' RIGHTS

The City of Norfolk supports efforts to holistically address all aspects of crime and the attendant impacts on the community. The safety and welfare of all residents, including the rights of victims of crime offenses are important.

V. SUPPORT COALITION ISSUES

A. PRACTICES OF LOCAL REAL ESTATE

Issue:

From time to time members of the real estate industry have expressed concern that the current Real Estate Assessment Appeal process is unfair to taxpayers and makes it impossible for them to get an assessment appeal overturned in court. The present State law only permits a review in those instances where the Assessor has made an error.

Background:

The Joint Subcommittee studying the Virginia Tax Code is looking at this subject with local governments and real estate interests. Local government previous support positions (to date) include: Boards of Equalization/Review would be required to issue an annual report; Boards must have sufficient expertise to address the issues related to property tax appeals; and the standard of manifest error will be reduced to a standard of reasonableness.

Members of the private real estate industry also support the elimination of the one-year statute of limitation for judicial review. This approach is illogical based on the three-year statute of limitations, which relates to localities having a four-year reassessment cycle for real property. However, this compromise position for the elimination of the one-year statute of limitations for certain localities including Norfolk may not hold throughout the upcoming Session.

City Position:

The City of Norfolk opposes the imposition of a three-year statute of limitations whereby the aggrieved property owner would be allowed to “warehouse” his assessment appeal in spite of the fact a locality may be on an annual reassessment cycle.

B. VIRGINIA FIRST CITIES – URBAN POLICY

Issue:

Not every community in Virginia is afforded an equal opportunity to remain economically viable. It is in the best interest of every citizen and every business for central cities to participate in the economic growth of the State. This has not been occurring, and as a result, the overall State has become less competitive.

Background:

An Urban Policy and an economic strategic plan that encourages reinvestment in distressed areas and provide leadership for our economic future is greatly needed. The City of Norfolk is a member of the Virginia First Cities Coalition that has adopted a position strongly supporting the Governor’s goal to “concentrate economic development efforts in areas of greatest need, to help reduce economic disparity, and increase the prosperity of all Virginians.”

The key elements of an economic development strategic plan should include:

- Reduce unemployment rates in the central cities to not more than 125% of the statewide average;
- Increase the number of net new jobs in economically stressed central cities by 50,000 by December 31, 2005;
 - Attract 25% of all new business investment in the State to economically distressed core cities; and

- Significantly increase the number of minority owned businesses.

City Position:

The City urges the General Assembly to establish a strategic plan to address the current imbalance in economic development in the older, central cities. With the exception of enterprise zones, the current economic development incentives and initiatives are heavily oriented to green fields and areas of the state that are not as economically disadvantaged as the older core cities and portions of rural Virginia.

C. VIRGINIA MUNICIPAL LEAGUE – PROPOSED POSITIONS FOR OCTOBER 22, 2002

1. Virginia Juvenile Community Crime Control Act (VJCCCA)

Weakened state revenues led the 2002 General Assembly to reduce funding to the Virginia Juvenile Community Crime Control Act (VJCCCA) by 51 percent for fiscal years 2003 and 2004.

Every city and county participates in this non-mandated program, which allows for a variety of treatment options for at-risk, first time, or less serious juvenile offenders. While some local governments are making up for some of the loss of state funding this year, programs are being reduced or shut down, and employees terminated. However, the programs provide vital support. Local governments will not be able to make up the funding needs of programs like this in the future.

Virginia Municipal League urges the General Assembly to restore the 51 percent funding reduction to the Virginia Juvenile Community Crime Control Act (VJCCCA) program and to support an equitable and stable funding allocation process for the program. This initiative was also referenced earlier as an “ongoing support” item.

2. Telecommunications Tax Reform

As a result of lobbying by the telecommunications industry, a legislative study subcommittee has been created to reform telecommunications taxes. As proposed by the industry, the reforms would include: a uniform tax rate; a centralized state administration and collection program for both state and local telecommunications taxes; and an expanded tax base that would apply the proposed new rate to specific services that currently are not taxed (including paging services, direct broadcast satellite television services, long distance services billed to an address in Virginia, and phone “calling” cards).

VML cannot support reforms that reduce revenues to local governments. VML is willing to discuss telecommunications tax reform options with the legislature and industry, but it cannot support significant reforms until the work of HJR 60, the joint study subcommittee studying and revising Virginia’s tax code, is completed.

3. Cigarette Tax Increase

There is renewed attention in the executive and legislative branches to increase cigarette tax as the state confronts an additional \$1.5 billion shortfall in the 2002-2004 budget. Various proposals have been made from time to time to increase the state cigarette tax in Virginia. At 2.5 cents per package, Virginia cigarette taxes are the lowest in the nation.

Many local governments already levy a local cigarette tax, and they would not want to jeopardize the revenue that this tax generates. According to the 2001 Tax Rates report published by the Center for Public Service, 21 cities impose a cigarette tax, along with two counties and 14 towns. The tax rates range from \$0.02 per pack to

\$0.53 per pack. The rate of the City of Norfolk is \$0.30 per 20-cigarette pack and \$.375 per 25-cigarette pack. In 2001 the total amount of revenue collected by local governments from the cigarette tax was \$33.1 million.

Position: The VML and local governments urge the General Assembly to protect local authority to impose a cigarette tax. The VML also supports tax-restructuring options to fund Education, Transportation and Human Services and examples include income tax, sales tax, and cigarette tax.

4. Manufactured Housing

Virginia law allows localities to treat manufactured houses (mobile homes) differently than single-family dwellings. Local governments presently have the right to deny a lot owner the right to place a manufactured home on a residential lot without going through a zoning approval process such as a conditional use permit. As a result, in many localities, manufactured homes simply are not placed on residential lots.

Local governments should retain the authority to plan for the appropriate mix of residential structures in their communities, and should retain full authority to regulate the placement of manufactured homes, without state intervention.

D. PORTS' HOST LOCALITIES – SERVICE FEE REIMBURSEMENT

Issue:

The updated formula for the Virginia Port's service fee for host localities has not been funded. While this continues to be important to localities suffering from fiscal stress, the City of Norfolk will not pursue this issue this year because the Commonwealth must balance the 2002-2004 biennium budget again.

Background:

In addition to the City of Norfolk, the other localities eligible for a service fee include Portsmouth, Newport News and Warren County. The legislation passed by the 2000 General Assembly amended the Code of Virginia and updated the Virginia Port' service fee so that the calculation of the payment to these host localities would reflect business activity based on tonnage moved. The Port Authority continues to perform well in terms of cargo growth, but the host localities that support the business activity of the Port receive inadequate payments from older provisions in the same statute.

The City of Norfolk will not pursue this issue at the 2003 Session, but continues to add its voice to the maritime and business community support of the goal that the Virginia port shall compete for new business and endeavor to move more cargo than any other port on the East Coast.

E. ENDORSEMENTS OF LEGISLATIVE REQUESTS OF OTHER ORGANIZATIONS

National Maritime Center Board: Cruise ship terminal support.

National Maritime Center Board: A Port of Hampton Roads - Gateway to the World Economic Development Project for Tourism support.

The Norfolk Law Library: Request for endorsement to separate the per court case fee that may be made available to the Law Library from the total \$4 per court case provisions, so long as it does not impact the amount that may be collected and used for court maintenance.